

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, AUGUST 18, 2003

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION,
Applicant,

v.

CASE NO. INS-2003-00024

RECIPROCAL OF AMERICA and
THE RECIPROCAL GROUP,
Respondents.

ORDER CLARIFYING PREVIOUS ORDER

On August 14, 2003, the State Corporation Commission (“Commission”) entered an Order Scheduling Hearing on Application (“Order”). Such Order scheduled a hearing for September 17, 2003, to determine whether certain insureds of businesses assumed by Reciprocal of America (“ROA”) are direct insureds of ROA and therefore a direct responsibility of ROA or, if not, whether such insureds’ claims should be treated as hardship claims, such hearing to commence upon the conclusion of another hearing in this case currently scheduled for the same date. The Order contained the following language: “Until such issues are resolved, we deem it appropriate for the Deputy Receiver of ROA to continue making these payments. We make no determination at this time as to the merits of the arguments raised herein, but altering the treatment of the claimants of the SITs and GSIAAs prior to a determination of the merits of this case could cause unnecessary upheaval to the claimants and create at least as great a danger of creating an unlawful preference as continuing the payments.”¹ It is not apparent from the pleadings filed in this matter whether the Deputy Receiver of ROA is making such payments at this time. The Commission is not directing or authorizing the Deputy Receiver of ROA to make

¹ Order at 10. “SITs” and “GSIAAs” refer to Self-Insured Trusts and Group Self-Insurance Associations, respectively.

any such payments until all of the issues associated with the Deputy Receiver of ROA's Application² have been decided after the September 17, 2003, hearing.³

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver of ROA is not directed or authorized to make any workers' compensation insurance policy payments to claimants of the SITs or GSIA's until further Order of the Commission; and

(2) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the State Corporation Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219.

² Application for Order Authorizing the Continuation of Workers' Compensation Disability Payments by Reciprocal of America and The Reciprocal Group for Workers' Compensation Claims Denied Coverage by State Guaranty Associations, filed by the Deputy Receiver of ROA and The Reciprocal Group on July 11, 2003 ("Application").

³ After the Order was entered on August 14, 2003, the Virginia Property and Casualty Insurance Guaranty Association ("Association") filed the Objection of Virginia Property and Casualty Insurance Guaranty Association to Payment by Reciprocal of America and The Reciprocal Group of Workers' Compensation Claims ("Objection"). The Association's Objection will be addressed at the September 17, 2003, hearing to decide the Application.